

Documents for the AGM

**IAR Systems Group AB (publ)**

**Monday, April 22 2013**

## **Agenda**

for the Annual General Meeting of shareholders in IAR Systems AB (publ) at 6:00 p.m. on Monday, April 22, 2013, at Nalen Konferens, Regeringsgatan 34, Stockholm, Sweden.

1. Opening of the AGM.
2. Election of the Chairman of the AGM.
3. Drawing up and approval of the voting list.
4. Approval of the agenda.
5. Election of one or two persons to check and sign the minutes.
6. Decision as to whether the AGM has been duly convened.
7. Address by the CEO.
8. Presentation of the annual accounts, the audit report, the consolidated financial statements and the consolidated audit report.
9. Resolutions regarding:
  - a. Adoption of the income statements and balance sheets of the Parent Company and the Group,
  - b. appropriation of the company's profits according to the adopted balance sheet and decision on the record date for dividends, and
  - c. discharge from liability for the members of the Board of Directors and the CEO.
10. Decision regarding the number of Board members and deputies.
11. Decision regarding fees to be paid to the Board of Directors and auditors.
12. Election of Board members and the Board Chairman.
13. Election of auditors.
14. Appointment of the nominations committee.
15. Decision regarding principles for remuneration and other terms employment of senior executives.
16. Authorization for the Board to decide on the issue of new class B shares.
17. Authorization for the Board to decide on the repurchase and sale of treasury shares.
18. Other business to be transacted by the AGM according to the Swedish Companies Act (2005:551) or the Articles of Association.
19. Adjournment of the AGM.

## **Proposals for resolution to be put before the Annual General Meeting of IAR Systems Group AB (publ) on April 22, 2013.**

The below proposals for resolution and information follow the numbering stated in the proposed agenda.

### **Election of the Chairman of the AGM (item 2),**

The Nominations Committee proposes Peter Larsson as Chairman of the AGM.

### **Appropriation of earnings (item 9 b)**

The Board of Directors proposes that the earnings at the disposal of the Annual General Meeting according to the company's adopted balance sheet, amounting to SEK 154,603,918, be disposed of so that the shareholders receive a dividend of SEK 2.00 per share, or a total of SEK 23,387,122, for the fiscal year 2012. The proposed record date is Thursday, April 25, 2013. Provided that this record date is approved, dividends are expected to be disbursed on Tuesday, April 30, 2013.

### **Decision regarding the number of Board members and deputies. (item 10)**

The Nominations Committee proposes that the Board consist of five members and no deputies.

### **Decision regarding fees to be paid to the Board of Directors and auditors (item 11)**

The Nominations Committee proposes that Board fees be paid in an amount of SEK 300,000 to the Board Chairman and SEK 125,000 to each of the Board members not employed in the Group. It is proposed that fees to the auditors be paid according to approved account

### **Election of board members and Board Chairman. (item 12)**

As members of the Board, the Nominations Committee proposes re-election of Peter Larsson, Markus Gerdien, Karin Moberg, Jonas Mårtensson and Stefan Skarin. Markus Gerdien is proposed to be elected as Board Chairman.

### **Election of auditors. (item 13)**

As auditors, the Nominations Committee proposes re-election for one year of Deloitte AB with Erik Olin as Auditor in Charge.

### **Appointment of the Nominations Committee (item 14)**

The Nominations Committee proposes that the AGM resolve on the appointment of a Nominations Committee according to the following principles. By September 30, 2013, at the latest, the Board Chairman shall call together the company's three largest shareholders or group of shareholders in terms of voting power, each of which shall then have the right to appoint one member to the Nominations Committee. If any of the three largest shareholders or group of shareholders does not exercise its right to appoint a member, the shareholders or group of shareholders next in order of voting power shall have the right to appoint a member to the Nominations Committee. Furthermore, the Board Chairman can be appointed as a member of the Nominations Committee. The CEO or other member of the company's executive management may not be a member of the Nominations Committee. The Board Chairman shall act as convener of the Nominations Committee's first meeting. A shareholder representative shall be appointed as chairman of the Nominations Committee. The mandate period of the Nominations Committee shall extend until such time as the new Nominations Committee has been appointed. The composition of the Nominations Committee shall be announced not later than six months prior to the AGM.

The composition of the Nominations Committee shall be based on known shareholdings in the company at August 31, 2013. In the event of a significant change in the company's ownership structure after the appointment of the Nominations Committee, the composition of the Nominations Committee can also be changed in accordance with the above principles. Changes in the composition of the Nominating Committee shall be announced immediately.

The Nominations Committee shall prepare proposals for approval by the AGM regarding election of the Board Chairman and other members of the company's Board of Directors, the amount of Board fees and their apportionment between the Board Chairman and other Board members, any compensation for work on the

committees, election of and fees to the Auditor, decision regarding principles for appointment of the Nominations Committee and appointment of a Chairman of the AGM.

No fees shall be paid to the members of the Nominations Committee. The Nominations Committee shall have the right, after approval by the Board Chairman, to charge the company for costs such as fees for recruiting consultants or other outlays that are necessary for the performance of the Nominating Committee's duties.

**Decision regarding principles for remuneration and other terms employment of senior executives (item 15)**

The Board of Directors proposes that the principles for remuneration of senior executives that were adopted by the 2012 AGM continue to apply.

**Authorization for the Board to decide on the issue of new class B shares (item 16)**

The Board of Directors proposes that the AGM authorize the Board, on one or several occasions during the period until the next AGM, to decide on the issuance in kind of class B shares up to 10 percent of the company's existing share capital on the date of the AGM.

This purpose of this authorization is to enable acquisitions with payment through a non-cash issue.

**Authorization for the Board to decide on the repurchase and sale of treasury shares (item 17)**

The Board of Directors proposes that the AGM authorize the Board, on one or several occasions during the period until the next AGM, to decide on the purchase of a maximum number of class B treasury shares whereby the holding of treasury shares at no time exceeds 10 percent of all registered shares in the company. The shares shall be acquired on NASDAQ OMX Stockholm at a price that is within the registered price interval at any given time, defined as the interval between the highest bid price and the lowest ask price. The motive for the authorization is to give the Board greater freedom of action in optimizing the company's capital structure.

It is furthermore proposed that the Board be authorized, on one or several occasions during the period until the next AGM, to decide on the sale of at most all class B treasury shares held by the company at any given time (i) on NASDAQ OMX Stockholm or (ii) in a manner other than a sale on a regulated market, whereby the Board shall be able to decide on the disposal of shares for payment in cash with deviation from the shareholders' pre-emptive rights or as consideration for the acquisition of companies or operations. The sale of shares on a regulated market may take place only at a price that is within the registered price interval at any given time. The disposal of shares in a manner other than through a sale on a regulated market and where the sale takes place with deviation from the shareholders' pre-emptive rights, or as consideration for the acquisition of companies or operations, may take place only at a price that is not lower than the market price on the date of transfer. The motive for the authorization is to give the Board greater freedom of action and scope to continuously adapt the company's capital structure, as well as opportunity to finance future acquisitions. The reason for authorizing the Board, in connection with the sale of shares, to decide on the disposal of shares with deviation from the shareholders' pre-emptive rights in a manner other than through a sale on a regulated market, is that the company can thereby dispose of the shares in a more timely manner in the event that the liquidity of the company's share on the regulated market is limited on the date of transfer.

**Other**

For valid decision on item 17 above, the resolution must be supported by shareholders representing at least 2/3 of both the number of votes exercised and the number of shares represented at the AGM.

Starting on 27 March 2012, the financial statements, audit report, the auditor's opinion on the application of the guidelines for remuneration to senior executives, the Board's complete proposals as set out above, and a proxy form with related documents under the Swedish Companies Act (2005:551) will be held available at the company at Strandbodgatan 1, Uppsala or Kungsgatan 33, Stockholm, and on the company's website [www.iar.com](http://www.iar.com) / investors. Copies of the documents will be sent free of charge to shareholders who so request and provide their mailing address, and will also be available at the AGM.

Pursuant to Chapter 7, § 32 (2005:551), shareholders have the right at the AGM to question the Board of Directors about circumstances that may affect the conditions of the agenda and conditions that may affect the company's financial situation.

At March 25, 2012, the company had a total of 11,724,561 shares, consisting of 100,000 shares of class A and 11,624,561 shares of class B, equal to a total of 12,624,561 votes. The company currently holds 334,600 class B treasury shares which may not be represented at the AGM.

**Statement by the Board of Directors pursuant to Chapter 18, 4 § and Chapter 19, 22 § of the Swedish Companies Act in respect of the proposal for authorization for the Board to decide on the repurchase of shares**

**Nature, scope and risks of the business**

The nature and scope of the business are set out in the Articles of Association and the filed annual report for the fiscal year 2012. The Board of Director's assessment is that the business conducted by the Group is not associated with any risks beyond those that exist in the industry or those that are applicable to business activities in general.

**Consolidation requirements, liquidity and financial position**

The financial position of the company and the Group at 31 December 2012 is described in the most recent annual report. The annual report also states which accounting principles have been applied in the valuation of assets, provisions and liabilities.

The Board of Directors has proposed to the Annual General Meeting that the company pay a dividend of SEK 2 per share for the fiscal year 2012. Non-restricted equity in the Parent Company and the Group at the end of the fiscal year 2012 was SEK 154.6 million and retained earnings in the Group on the same date amounted to SEK 136.3 million. The proposed dividend will reduce non-restricted equity in the Parent Company and retained earnings in the Group by SEK 23.4 million.

The annual report states among other things that the Group's equity/assets ratio is 78 percent. The proposed dividend and authorization for the repurchase of treasury shares will not jeopardize fulfillment of the investments that are deemed necessary.

According to the Board's assessment, the company has a comparatively high level of equity in relation to the scope of the company's business and the risks attached therewith. Furthermore, the Board of Directors finds that the company has available cash and cash equivalents of approximately SEK 74 million. The company is assessed to have substantial non-restricted equity.

**Justifiability of the repurchase proposal**

In light of the above, the Board of Directors' assessment is that the purchase of treasury shares is justifiable in respect of the requirements placed by the nature, scope and risks of the business on the size of equity in the company and the Group and the consolidation requirements, liquidity and financial position in general of the company and the Group.

Stockholm, March 2013

IAR Systems Group AB (publ)

The Board of Directors